

HIGH SCHOOL CORE AREA

Economics

Standard ECON-8: The student will demonstrate an understanding of the principles of trade and economic development.

ECON-8.2 Summarize the outcomes of global trade, including gains made by individuals and nations through trade, increases in consumer choice and standard of living, and gains in production efficiency. (E, G)

Taxonomy Level: B 2 Understanding /Conceptual Knowledge

Previous knowledge

In second grade (2-4.2) students summarized how nation-states interact with one another in order to conduct trade. In fourth grade (4-1.4) students explained the exchange of plant life, animal life, and disease that resulted from exploration of the New World. While fifth grade (5-6.4, 5-6.5) students identified examples of cultural exchanges between the United States and other countries that illustrate the importance of popular culture and the influence of American popular culture in other places in the world and summarized the changes that have taken place in United States foreign policy since 1992, including the globalization of trade and the war on terrorism.

In sixth grade (6-1.5, 6-6.3) students explained the role of economics in the development of early civilizations, including the significance and geography of trade networks; and illustrated the exchange of plants, animals, diseases, and technology throughout Europe, Asia, Africa, and the Americas (known as the Columbian Exchange), and explained the effect on the people of these regions. Seventh grade (7-7.3, 7-7.6) students explained global influences on the environment, including the effects of increases in population, the growth of cities, and efforts by citizens and governments to protect the natural environment; as well as the impact of increasing global economic interdependence in the late twentieth century and the early twenty-first century, including the significance of global communication, labor demands, and migration; the European Economic Community (EEC) and other trade agreements; and the oil crisis of the 1970s.

Global Studies (GS-4.2, GS-6.4) students explained the economic and cultural impact of European involvement on other continents during the era of European expansion and summarized the impact of economic and political interdependence on the world, including efforts to control population growth, economic imbalance and social inequality and efforts to address them, and the significance of the world economy for different nations. In United States History (USHC-5.2) students summarized the factors that influenced the economic growth of the United States and its emergence as an industrial power, including the abundance of natural resources; government support and protection in the form of tariffs, labor policies, and subsidies; and the expansion of international markets associated with industrialization. Students also (USHC-10.2) summarized key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity.

Future knowledge

While no future knowledge is required, young adults should have a general understanding of the importance of international trade and globalization to the American economy and the average American worker. Given the importance of international trade to most companies and many jobs across America, students should have a basic foundation in the potential winners and losers with free trade and the consequences of protectionist policies. This knowledge allows students to be better decision makers when politicians, lobbyists, or companies push for a specific policy approach on international trade. In general, a basic foundation of knowledge concerning the outcomes of free trade and reduced protectionism is essential for young adults to be competitive and informed employees, consumers, and citizens.

It is essential for students to know

It is essential that students can identify the potential winners and losers from both free trade and protectionist trade policy. Students should be able to explain graphically the impact of a tariff, as well as a quota. It is also essential that students understand the relationship between government intervention of this nature and market inefficiency, represented graphically by the deadweight loss of a tariff. Students should be able to illustrate graphically who will bear the burden of a tariff; identify the area of revenue collected by a tariff; and identify the area of deadweight loss created by a tariff. As well, students will be able to use a consumption possibilities frontier and a circular flow diagram to illustrate how trade increases consumption and how increased imports and exports are represented in a circular flow diagram.

It is not essential for students to know

It is not essential for students to have knowledge of specific tariffs or quotas. They also do not need to know details of other nation's tariffs or quotas or international policies concerning tariffs or quotas. Students do not need to understand the historical trend and evolution of tariff reduction, driven, in part, by international agreements/organizations like the GATT, WTO, and others. Further, it is not essential for students to have a detailed understanding of specific winners and losers from an imposed, current day tariff or quota.

Assessment guidelines

Appropriate assessment requires students to *summarize* the outcomes of global trade; therefore, the primary focus of assessment should be for students to *construct cause-and-effect models of* the results of both free trade and protectionist policies and to *illustrate* the potential winners and loser from both types of policies.